

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

**WITH
INDEPENDENT AUDITORS' REPORT**

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

INDEPENDENT AUDITORS' REPORT

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**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended March 31, 2008

As management of Bridgewater Township, Washtenaw County, Michigan, we offer readers of Bridgewater Township, Washtenaw County, Michigan's financial statements this narrative overview and analysis of the financial activities of Bridgewater Township, Washtenaw County, Michigan for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of Bridgewater Township, Washtenaw County, Michigan exceeded its liabilities at the close of the most recent fiscal year \$1,909,238 (*net assets*). Of this amount, \$343,319 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$91,912. This increase is mainly due to the Capital Sewer Grant and Special Assessment.
- At the end of the current year, unreserved fund balance for the general fund was \$333,604 or 76.37 percent of total General Fund expenditures.
- Bridgewater Township, Washtenaw County, Michigan's total debt was \$945,000 at March 31, 2008.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Bridgewater Township, Washtenaw County, Michigan's basic financial statements. Bridgewater Township, Washtenaw County, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Bridgewater Township, Washtenaw County, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Bridgewater Township, Washtenaw County, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Bridgewater Township, Washtenaw County, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Bridgewater Township, Washtenaw County, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Bridgewater Township, Washtenaw County, Michigan include the general government, fire and police protection, and road maintenance. The business-type activity of Bridgewater Township, Washtenaw County, Michigan is the sewer system.

The government-wide financial statements can be found on pages 2 – 3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bridgewater Township, Washtenaw County, Michigan, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bridgewater Township, Washtenaw County, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Bridgewater Township, Washtenaw County, Michigan maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be a major fund.

Bridgewater Township, Washtenaw County, Michigan adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 4 – 7 of this report.

Proprietary Fund. Bridgewater Township, Washtenaw County, Michigan maintains one type of Proprietary Fund. The *Enterprise Fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. Bridgewater Township, Washtenaw County, Michigan uses an Enterprise Fund to account for its Sewer Fund.

The Proprietary Fund provides the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Sewer Fund, which is considered to be a major fund of Bridgewater Township, Washtenaw County, Michigan.

The basic Proprietary Fund financial statements can be found on pages 8 – 11 of this report.

Fiduciary Fund. The Fiduciary Fund is used to account for resources held under tax collection activity. The Fiduciary Fund is *not* reflected in the government-wide financial statement. The accounting used for the Fiduciary Fund is much like that used for the Proprietary Fund.

The basic Fiduciary Fund financial statement can be found on page 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 – 23 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bridgewater Township, Washtenaw County, Michigan, assets exceeded liabilities by \$1,909,238 at the close of the most recent fiscal year.

By far the largest portion of Bridgewater Township, Washtenaw County, Michigan's net assets (59.1 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, sewer system), less any related debt used to acquire those assets that is still outstanding. Bridgewater Township, Washtenaw County, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Bridgewater Township, Washtenaw County, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Bridgewater Township, Washtenaw County, Michigan's Net Assets

	Governmental Activities	Business-type Activities	Totals 2008	2007
Current and other assets	\$ 513,755	\$ 910,068	\$ 1,423,823	\$ 1,435,708
Capital assets	<u>139,645</u>	<u>1,934,289</u>	<u>2,073,934</u>	<u>2,126,529</u>
Total assets	<u>\$ 653,400</u>	<u>\$2,844,357</u>	<u>\$ 3,497,757</u>	<u>\$ 3,562,237</u>
Long term liabilities outstanding	\$	\$1,455,974	\$ 1,455,974	\$ 1,587,525
Other liabilities	<u>10,846</u>	<u>121,699</u>	<u>132,545</u>	<u>157,386</u>
Total liabilities	<u>\$ 10,846</u>	<u>\$1,577,673</u>	<u>\$ 1,588,519</u>	<u>\$ 1,744,911</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 139,645	\$ 989,289	\$ 1,128,934	\$ 1,131,529
Restricted	169,305	267,680	436,985	217,468
Unrestricted	<u>333,604</u>	<u>9,715</u>	<u>343,319</u>	<u>468,329</u>
Total net assets	<u>\$ 642,554</u>	<u>\$1,266,684</u>	<u>\$ 1,909,238</u>	<u>\$ 1,817,326</u>

A portion of Bridgewater Township, Washtenaw County, Michigan's net assets (22.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$343,319) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Bridgewater Township, Washtenaw County, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

A summary of Bridgewater Township's change in net assets follows:

	Governmental Activities	Business-type Activities	Totals 2008	2007
Program revenues:				
Permit fees	\$ 30,643	\$	\$ 30,643	\$ 39,562
Fire	5,085		5,085	7,858
Administrative tax collection fee	30,586		30,586	28,630
Waste reduction	513		513	418
Capital grant		102,546	102,546	167,345
Sewer usage		91,649	91,649	76,210
Total program revenues	<u>66,827</u>	<u>194,195</u>	<u>261,022</u>	<u>320,023</u>
General revenues:				
Property taxes	281,021		281,021	247,070
State revenues	113,245		113,245	112,309
Investment earnings	23,816	42,617	66,433	67,688
Other	5,209		5,209	4,213
Total general revenues	<u>423,291</u>	<u>42,617</u>	<u>465,908</u>	<u>431,280</u>
Total revenues	<u>\$ 490,118</u>	<u>\$ 236,812</u>	<u>\$ 726,930</u>	<u>\$ 751,303</u>
Program expenses:				
Governmental activities:				
General government	\$ 176,859	\$	\$ 756,859	\$ 160,843
Public safety	166,355		166,355	140,809
Highways and streets	80,573		80,573	72,873
Sanitation	15,729		15,729	14,026
Business-type activities:				
Sewer		195,502	195,502	195,328
Total expenses	<u>\$ 439,516</u>	<u>\$ 195,502</u>	<u>\$ 635,018</u>	<u>\$ 583,879</u>
Change in net assets	50,602	41,310	91,912	167,424
Net assets-beginning of year	<u>591,952</u>	<u>1,225,374</u>	<u>1,817,326</u>	<u>1,649,902</u>
Net assets-end of year	<u>\$ 642,554</u>	<u>\$ 1,266,684</u>	<u>\$ 1,909,238</u>	<u>\$ 1,817,326</u>

Financial Analysis of the Government's Funds

As noted earlier, Bridgewater Township, Washtenaw County, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund. The focus of Bridgewater Township, Washtenaw County, Michigan's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Bridgewater Township, Washtenaw County, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

The General Fund is the chief operating fund and only governmental fund of Bridgewater Township, Washtenaw County, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$333,604.

The fund balance of Bridgewater Township, Washtenaw County, Michigan's General Fund increased by \$53,325 during the current fiscal year.

Proprietary Fund - Bridgewater Township, Washtenaw County, Michigan's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$9,715.

General Fund Budgetary Highlights

Final budgeted expenditures for the fire department increased from the originally budgeted amount due to an increase in the contract amount with the Manchester Township fire department.

Capital Asset and Debt Administration

Capital assets. Bridgewater Township, Washtenaw County, Michigan's investment in capital assets for its governmental and business-type activities as of March 31, 2008, amounts to \$2,073,934 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and sewer system.

Bridgewater Township, Washtenaw County, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals 2008</u>	<u>2007</u>
Land	\$ 70,863	\$	\$ 70,863	\$ 70,863
Buildings and improvements	98,329		98,329	98,329
Machinery and equipment	28,244		28,244	28,244
Water and sewer systems	<u> </u>	<u>2,075,119</u>	<u>2,075,119</u>	<u>2,075,119</u>
 Total	 <u>\$ 197,436</u>	 <u>\$2,075,119</u>	 <u>\$ 2,272,555</u>	 <u>\$ 2,272,555</u>

Additional information on Bridgewater Township's capital assets can be found in Note 4 on page 16.

Long-term debt. At the end of the current fiscal year, Bridgewater Township, Washtenaw County, Michigan had total bonded debt outstanding of \$945,000. The debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) from the Sewer Fund.

Bridgewater Township, Washtenaw County, Michigan's Outstanding Debt Revenue Bonds

	<u>Business-type Activities</u>
Revenue Bonds	<u>\$ 945,000</u>

Additional information on Bridgewater Township, Washtenaw County, Michigan's long-term debt can be found in Note 10, on page 22 - 23, of this report.

Economic Factors and Next Year's Budgets and Rates

Bridgewater Township anticipates lower general government expenditures in the next fiscal year due to lower professional fees.

The police millage rate will decrease from 1.5 to 1.25 mills for the 2009 and 2010 tax levy years.

Requests for Information

This financial report is designed to provide a general overview of Bridgewater Township, Washtenaw County, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bridgewater Township, 10990 Clinton Road, P.O. Box 28, Bridgewater, MI 48115.

August 8, 2008

INDEPENDENT AUDITORS' REPORT

Bridgewater Township
Washtenaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater Township, Washtenaw County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bridgewater Township, Washtenaw County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater Township, Washtenaw County, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through vii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bridgewater Township, Washtenaw County, Michigan's basic financial statements. The schedule of changes in assets and liabilities for the tax collection fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

March 31, 2008 and 2007

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	2008	Total 2007
Assets:				
Current assets:				
Cash and cash equivalents	\$ 483,400	\$	\$ 483,400	\$ 625,808
Taxes receivable	2,527		2,527	4,694
Accounts receivable		19,261	19,261	7,857
Due from tax account	6,466		6,466	7,814
Due from employees	73		73	
Due from other governments	21,289	12,728	34,017	31,910
Special assessment receivable		610,399	610,399	691,950
Total current assets	513,755	642,388	1,156,143	1,370,033
Restricted assets:				
Cash and cash equivalents		267,680	267,680	65,675
Capital assets:				
Land	70,863	55,355	126,218	126,218
Buildings and improvements	98,329		98,329	98,329
Machinery and equipment	28,244		28,244	28,244
Sewer system		1,966,444	1,966,444	1,966,444
Accessory building		53,320	53,320	53,320
Accumulated depreciation	(57,791)	(140,830)	(198,621)	(146,026)
Total noncurrent assets	139,645	2,201,969	2,341,614	2,192,204
Total assets	653,400	2,844,357	3,497,757	3,562,237
Liabilities:				
Current liabilities:				
Accounts payable	4,348	9,546	13,894	27,285
Escrow deposits payable	6,498		6,498	18,309
Current portion of special assessments deferred revenue		59,682	59,682	61,792
Current portion of bonds payable		50,000	50,000	50,000
Total current liabilities	10,846	119,228	130,074	157,386
Noncurrent liabilities:				
Special assessments deferred revenue		563,445	563,445	642,525
Noncurrent portion of bonds payable		895,000	895,000	945,000
Total liabilities	10,846	1,577,673	1,588,519	1,744,911
Net assets:				
Invested in capital assets, net of related debt	139,645	989,289	1,128,934	1,131,529
Restricted for:				
Police services	55,849		55,849	46,836
Road improvements	113,456		113,456	104,957
Sewer construction		267,680	267,680	65,675
Unrestricted	333,604	9,715	343,319	468,329
Total net assets	\$ 642,554	\$ 1,266,684	\$ 1,909,238	\$ 1,817,326

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008

<u>Program Revenues</u>							
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital grants and contributions</u>	<u>Governmental Activities</u>	<u>Business type Activities</u>	<u>2008</u>	<u>2007</u>
Governmental activities:							
General government	\$ 176,859	\$ 61,229	\$	\$ (115,630)	\$	\$ (115,630)	\$ (92,651)
Public safety	166,355	5,085		(161,270)		(161,270)	(132,951)
Highways, streets, and bridges	80,573			(80,573)		(80,573)	(72,873)
Sanitation	15,729	513		(15,216)		(15,216)	(13,608)
Total governmental activities	439,516	66,827		(372,689)		(372,689)	(312,083)
Business-Type activities:							
Sewer	195,502	91,649	102,546		(1,307)	(1,307)	48,227
Total business-type activities	195,502	91,649	102,546	-	(1,307)	(1,307)	48,227
Total primary government	\$ 635,018	\$ 158,476	\$ 102,546	\$ (372,689)	\$ (1,307)	\$ (373,996)	\$ (263,856)
General Revenues:							
Property taxes				281,021		281,021	247,070
State shared revenue				113,245		113,245	112,309
Investment earnings				23,816	42,617	66,433	67,688
Other				5,209		5,209	4,213
Total general revenues				423,291	42,617	465,908	431,280
Change in net assets				50,602	41,310	91,912	167,424
Net assets-beginning of year				591,952	1,225,374	1,817,326	1,649,902
Net assets-end of year				\$ 642,554	\$ 1,266,684	\$ 1,909,238	\$ 1,817,326

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

BALANCE SHEET

GOVERNMENTAL FUND

March 31, 2008 and 2007

	<u>General Fund</u>	
	<u>2008</u>	<u>2007</u>
Assets:		
Cash and cash equivalents	\$ 483,400	\$ 452,822
Taxes receivable	2,527	4,694
Accounts receivable		94
Due from tax account	6,466	7,814
Due from sewer operations		6,291
Due from employees	73	
Due from other governments	<u>21,289</u>	<u>19,543</u>
Total assets	<u>\$ 513,755</u>	<u>\$ 491,258</u>
Liabilities and fund balance:		
Accounts payable	4,348	16,508
Escrow deposits payable	6,498	18,309
Due to other funds	<u></u>	<u>6,857</u>
Total liabilities	<u>10,846</u>	<u>41,674</u>
Fund balance:		
Reserved for:		
Police services	55,849	46,836
Roads and bridges	113,456	104,957
Unreserved	<u>333,604</u>	<u>297,791</u>
Total fund balance	<u>502,909</u>	<u>449,584</u>
Total liabilities and fund balance	<u>\$ 513,755</u>	<u>\$ 491,258</u>
Total governmental fund balance	\$ 502,909	\$ 449,584
Amount reported for governmental activities in the statement of net assets are different because:		
Capital assets used in the governmental activities are not financial resources and are not reported in the funds		
The cost of the capital asset is	197,436	197,436
The accumulated depreciation is	<u>(57,791)</u>	<u>(55,068)</u>
Net assets of governmental activities	<u>\$ 642,554</u>	<u>\$ 591,952</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUND

For the Years Ended March 31, 2008 and 2007

	<u>General Fund</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Property taxes:		
General	\$ 69,680	\$ 66,044
Roads	82,821	78,622
Police	126,323	102,203
Delinquent taxes	2,197	201
Charges for services:		
Licenses and permits	30,643	39,562
Ambulance and fire	5,085	7,858
Administrative and collection fees - taxes	30,586	28,630
Waste reduction	513	418
State shared revenue	113,245	112,309
Metro authority	3,025	3,049
Investment earnings	23,816	23,654
Miscellaneous	<u>2,184</u>	<u>1,164</u>
Total revenues	<u>490,118</u>	<u>463,714</u>
 Expenditures:		
Current:		
General government	174,136	158,120
Public safety	166,355	140,809
Highways, streets, and bridges	80,573	72,873
Sanitation	<u>15,729</u>	<u>14,026</u>
Total expenditures	<u>436,793</u>	<u>385,828</u>
 Changes in fund balance	53,325	77,886
Fund balance – beginning of year	<u>449,584</u>	<u>371,698</u>
Fund balance – end of year	<u>\$ 502,909</u>	<u>\$ 449,584</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

For the Year Ended March 31, 2008

Change in fund balances-total governmental funds	\$ 53,325
 Amounts reported for governmental activities in the Statement of Activities are different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	(2,723)
Capital outlay	<hr/>
Change in net assets of governmental activities	<u>\$ 50,602</u>

The notes to the financial statements are an integral part of this statement.

BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL
For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Property taxes:				
General	\$ 68,508	\$ 68,508	\$ 69,680	\$ 1,172
Roads	81,556	81,556	82,821	1,265
Police	124,500	124,500	126,323	1,823
Delinquent taxes	1,000	1,169	2,197	1,028
Charges for services:				
Licenses and permits	15,350	17,150	30,643	13,493
Ambulance and fire	10,000	10,000	5,085	(4,915)
Administrative and collection fees	23,340	24,340	30,586	6,246
Waste reduction	860	860	513	(347)
Metro Authority	3,000	3,000	3,025	25
State shared revenue	112,807	112,807	113,245	438
Investment earnings	12,000	12,000	23,816	11,816
Miscellaneous	1,600	1,800	2,184	384
Total revenues	<u>454,521</u>	<u>457,690</u>	<u>490,118</u>	<u>32,428</u>
Expenditures:				
General Government:				
Township Board	12,400	9,190	8,272	918
Supervisor	17,957	17,957	17,587	370
Assessor	20,138	21,560	23,806	(2,246)
Clerk	17,239	17,239	17,255	(16)
Treasurer	20,582	20,632	19,443	1,189
Legal and audit fees	11,000	7,000	4,845	2,155
Boards of Review and Appeals	1,530	1,655	1,726	(71)
Building and grounds	15,860	13,860	11,160	2,700
Cemetery	1,600	1,600	1,430	170
Printing and publishing	2,900	2,100	1,389	711
Membership dues	2,500	2,000	1,966	34
Miscellaneous	11,215	6,600	3,131	3,469
Election	1,000	1,850	2,551	(701)
Total general government	<u>135,921</u>	<u>123,243</u>	<u>114,561</u>	<u>8,682</u>
Public safety:				
Fire department	37,900	47,400	47,049	351
Police services-County	119,868	119,368	115,110	4,258
Police substation	6,200	2,200	2,200	
Mineral license board		2,000	1,996	4
Total public safety	<u>163,968</u>	<u>170,968</u>	<u>166,355</u>	<u>4,613</u>
Public works:				
Highways, streets and bridges	84,556	84,621	77,347	7,274
Drain at large	17,000	17,000	11,398	5,602
Street lights	3,400	3,400	3,226	174
Clean-up day	4,800	5,550	4,331	1,219
Total public works	<u>109,736</u>	<u>110,571</u>	<u>96,302</u>	<u>14,269</u>
Community and economic development:				
Planning Commission	22,340	25,040	16,703	8,337
Zoning	9,226	15,056	31,830	(16,774)
Total community and economic development	<u>31,566</u>	<u>40,096</u>	<u>48,533</u>	<u>(8,437)</u>
Other:				
Insurance	5,500	5,900	5,595	305
Payroll taxes	6,900	6,900	5,447	1,453
Total other	<u>12,400</u>	<u>12,800</u>	<u>11,042</u>	<u>1,758</u>
Total expenditures	<u>453,611</u>	<u>457,678</u>	<u>436,793</u>	<u>20,885</u>
Change in fund balance	910	12	53,325	53,313
Fund balance-beginning of year			449,584	
Fund balance-end of year			<u>\$ 502,909</u>	

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

PROPRIETARY FUND

March 31, 2008 and 2007

	Business-Type Activities – Enterprise Fund Sewer Fund	
	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$	\$ 172,986
Accounts receivable	19,261	7,763
Due from other governments	12,728	12,367
Due from other funds		6,857
Total current assets	<u>31,989</u>	<u>199,973</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	<u>267,680</u>	<u>65,675</u>
Special assessment receivable	<u>610,399</u>	<u>691,950</u>
Capital assets:		
Land	55,355	55,355
Sewer system	1,966,444	1,966,444
Accessory building	53,320	53,320
Accumulated depreciation	<u>(140,830)</u>	<u>(90,958)</u>
Total capital assets, net of accumulated depreciation	<u>1,934,289</u>	<u>1,984,161</u>
Total noncurrent assets	<u>2,812,368</u>	<u>2,741,786</u>
Total assets	<u>\$ 2,844,357</u>	<u>\$ 2,941,759</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 9,546	\$ 10,777
Due to other funds		6,291
Current portion of deferred special assessment revenue	59,682	61,792
Current portion of bonds payable	<u>50,000</u>	<u>50,000</u>
Total current liabilities	<u>119,228</u>	<u>128,860</u>
Noncurrent liabilities:		
Noncurrent portion of bonds payable	895,000	945,000
Noncurrent portion of deferred special assessment revenue	<u>563,445</u>	<u>642,525</u>
Total noncurrent liabilities	<u>1,458,445</u>	<u>1,587,525</u>
Total liabilities	<u>1,577,673</u>	<u>1,716,385</u>
Net assets:		
Invested in capital assets, net of related debt	989,289	989,161
Restricted for:		
Sewer construction	267,680	65,675
Unrestricted	<u>9,715</u>	<u>170,538</u>
Total net assets	<u>\$ 1,266,684</u>	<u>\$ 1,225,374</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

For the Years Ended March 31, 2008 and 2007

	Business-Type Activities – Enterprise Fund	
	Sewer Fund	
	<u>2008</u>	<u>2007</u>
Operating revenues:		
Sewer usage fee	\$ 91,409	\$ 73,930
Total operating revenues	<u>91,409</u>	<u>73,930</u>
Operating expenses:		
Operating and maintenance	107,743	69,732
Depreciation	<u>49,872</u>	<u>49,872</u>
Total operating expenses	<u>157,615</u>	<u>119,604</u>
Operating loss	<u>(66,206)</u>	<u>(45,674)</u>
Nonoperating revenues (expenses):		
Special assessments	81,551	61,781
Connection fees	240	2,280
Interest income	42,617	44,034
Other revenue	20,995	105,564
Interest expense	(37,887)	(39,381)
Other expense	<u> </u>	<u>(36,343)</u>
Total nonoperating revenues (expenses)	<u>107,516</u>	<u>137,935</u>
Change in net assets	41,310	92,261
Net assets—beginning of year	<u>1,225,374</u>	<u>1,133,113</u>
Net assets – end of year	<u>\$ 1,266,684</u>	<u>\$ 1,225,374</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS-

PROPRIETARY FUND

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

For the Years Ended March 31, 2008 and 2007

	Business-Type Activities – Enterprise Fund	
	Sewer Fund	
	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 79,911	\$ 68,191
Cash paid to suppliers	<u>(115,265)</u>	<u>(54,434)</u>
Net cash provided by (used in) operating activities	<u>(35,354)</u>	<u>13,757</u>
Cash flows from capital and related financing activities:		
Hook-up fees	240	2,280
Special assessments	88,408	69,531
Grant received		18,531
Other revenue (expense)	20,995	69,221
Repayment of principal	(50,000)	(50,000)
Interest payments	<u>(37,887)</u>	<u>(39,381)</u>
Net cash provided by (used in) capital and related financing activities	<u>21,756</u>	<u>70,182</u>
Cash flows from investing activities:		
Interest income	<u>42,617</u>	<u>44,034</u>
Net cash provided by investing activities	<u>42,617</u>	<u>44,034</u>
Net increase (decrease) in cash and cash equivalents	29,019	127,973
Cash and cash equivalents – beginning of year	<u>238,661</u>	<u>110,688</u>
Cash and cash equivalents – end of year	<u>\$ 267,680</u>	<u>\$ 238,661</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY(USED IN) OPERATING ACTIVITIES**

For the Years Ended March 31, 2008 and 2007

	Business-Type Activities – Enterprise Fund	
	Sewer Fund	
	<u>2008</u>	<u>2007</u>
Operating loss	\$ (66,206)	\$ (45,674)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation expense	49,872	49,872
(Increase) decrease in:		
Accounts receivable	(11,498)	(5,739)
Increase (decrease) in:		
Accounts payable and other liabilities	(1,231)	9,007
Due to other funds	<u>(6,291)</u>	<u>6,291</u>
Total adjustments	<u> </u>	<u>59,431</u>
Net cash provided by (used in) operating activities	<u>\$ (35,354)</u>	<u>\$ 13,757</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUND

March 31, 2008 and 2007

		Agency Fund	
	<u>Assets</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents		\$ 13,952	\$ 8,428
	Total assets	\$ 13,952	\$ 8,428
	<u>Liabilities</u>		
Due to other funds		\$ 6,466	\$ 7,814
Due to other taxing units		7,486	614
	Total liabilities	\$ 13,952	\$ 8,428

The notes to the financial statements are an integral part of this statement.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Bridgewater Township, Washtenaw County, Michigan (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

A. Reporting Entity

The Township of Bridgewater is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Bridgewater Township as a primary government. There are no component units to the Township.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and a fiduciary fund, even though the latter are excluded from the government-wide financial statements. A major governmental fund and a major enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The *Sewer Fund* accounts for the acquisition, operation, and maintenance of the Township's sewer system.

Additionally, the government reports the following fund type:

The *Fiduciary Fund (Tax Collection Fund)* is an agency fund used to account for assets that the government holds on behalf of others (including other funds of the Township) as their agent.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (Sewer Fund), subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund will be charged to customers for sales and services. Operating expenses for this fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, liabilities, and net assets or equity.

1. Cash and investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments may include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2008.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

The Township property tax is levied on each December 1 on the taxable value of property located in the Township as of the preceding December 31.

The Township's 2007 ad valorem tax was levied and collectible on December 1, 2007. It is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are made available for the financing of Township operations. Payment from the County Delinquent Tax Fund, which purchases the 2007 delinquent real property taxes, is recorded as a receivable and recognized as revenue in the current fiscal year.

The 2007 taxable value of Bridgewater Township totaled \$84,289,692, on which ad valorem taxes levied for all Township purposes are \$278,845. Millage rate is 3.3080.

3. Restricted assets

Restricted cash in the Sewer Fund represents funds restricted by the Township for bond and interest repayment.

4. Capital Assets

Capital assets, which include land, buildings, equipment, and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Equipment	20

5. Long-term obligations

In the governmental-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt is reported as a liability.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The reserve for Roads represents the portion of fund balance segregated for the specific use of maintaining roads in future years. The reserve for Police services represents the portion of fund balance segregated for the specific purpose of providing police services in future years. The enterprise fund statements report a reserve for Sewer Construction which represents the restricted cash held by Washtenaw County for the construction of the sewer system.

The government-wide statement of net assets reports \$1,909,238 of net assets, of which \$169,305 is restricted by enabling legislation.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. The General Fund of the Township has a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2008, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General fund			
General government:			
Assessor	\$ 21,500	\$ 23,806	\$ (2,246)
Clerk	17,239	17,255	(16)
Zoning	15,056	31,830	(16,774)
Board of Review and Appeals	1,655	1,726	(71)
Election	1,850	2,551	(701)

These additional expenditures were funded by greater than anticipated revenues in the case of the General Fund.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits.

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the Township. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2008, \$693,411 of the Township's bank balance of \$793,411 is exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>693,411</u>
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**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 is as follows:

	<u>Balance April 1, 2007</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance March 31, 2008</u>
Governmental activities:				
Assets not being depreciated -Land	\$ 70,863	\$	\$	\$ 70,863
Buildings and improvements	98,329			98,329
Machinery and equipment	<u>28,244</u>			<u>28,244</u>
Depreciable capital assets	<u>126,573</u>			<u>126,573</u>
Accumulated depreciation for:				
Buildings and improvements	36,710	1,311		38,021
Machinery and equipment	<u>18,358</u>	<u>1,412</u>		<u>19,770</u>
Total accumulated depreciation	<u>55,068</u>	<u>2,723</u>		<u>57,791</u>
Net depreciable capital assets	<u>71,505</u>	<u>(2,723)</u>		<u>68,782</u>
Governmental activities net capital assets	<u>\$ 142,368</u>	<u>\$ (2,723)</u>	<u>\$</u>	<u>\$ 139,645</u>
Business-type activities:				
Land	\$ 55,355	\$	\$	\$ 55,355
Construction in progress				
Sewer system	1,966,444			1,966,444
Accessory building	<u>53,320</u>			<u>53,320</u>
Depreciable capital assets	<u>\$ 2,019,764</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,019,764</u>
Accumulated depreciation for:				
Sewer system	\$ 90,129	\$ 49,161	\$	\$ 139,290
Accessory building	829	711		1,540
Total accumulated depreciation	<u>\$ 90,958</u>	<u>\$ 49,872</u>	<u>\$</u>	<u>\$ 140,830</u>
Net depreciable capital assets	<u>\$ 1,928,806</u>	<u>\$ (49,872)</u>	<u>\$</u>	<u>\$ 1,878,934</u>
Business-type activities net capital assets	<u>\$ 1,984,161</u>	<u>\$ (49,872)</u>	<u>\$</u>	<u>\$ 1,934,289</u>

Depreciation expense charged to functions is as follows:

Governmental activities:	
General government	\$ 2,723
Total depreciation expense-governmental activities	<u>\$ 2,723</u>
Business-type activities:	<u>\$ 49,872</u>
Sewer Fund	<u>\$ 49,872</u>
Total depreciation expense-business-type activities	

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 5. INTERFUND BALANCES AND TRANSFERS

Interfund balances

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances at March 31, 2008 are expected to be repaid within the next fiscal year.

<u>Fund</u>	<u>Due from</u>	<u>Fund</u>	<u>Due to</u>
General	\$ 6,466	Tax collection	\$ 6,466
	<u>\$ 6,466</u>		<u>\$ 6,466</u>

NOTE 6. RESERVED FUND BALANCE – ROADS

In November 2000, voters approved a special millage of 1.0 for the improvement and maintenance of Township roads. The unexpended portion of property taxes for roads is shown as a restricted part of fund balance.

Road activity for the year is as follows:

Reserved fund balance – roads at March 31, 2007	\$ 104,957
Add: Property taxes-Roads for 2007-08	82,821
Metro Authority revenue	3,025
Less: Road expenditures for 2007-08	<u>(77,347)</u>
Reserved fund balance-roads at March 31, 2008	<u>\$ 113,456</u>

NOTE 7. RESERVED FUND BALANCE – POLICE SERVICES

The Township has a voted millage for police services which started with December 2000 tax billing. Police services are under contract with Washtenaw County which began January 1, 2002. The unexpended portion of these taxes collected are reserved. The reserved balance at March 31, 2008 was \$55,849.

Police activity for the year is as follows:

Reserved fund balance-police at March 31, 2007	\$ 46,836
Add: Property taxes-Police for 2007-08	126,323
Less: Police expenditures for 2007-08	<u>(117,310)</u>
Reserve fund balance – police at March 31, 2008	<u>\$ 55,849</u>

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 8. WESTERN WASHTENAW CONSTRUCTION AUTHORITY

As of January 2000, the Village of Manchester and the Townships of Manchester, Freedom, and Bridgewater have created an Authority to provide for the joint enforcement and administration of construction codes and other related municipal ordinances. The Authority has replaced the Building Departments in the participating municipalities – collecting and retaining building permits and paying all related expenses, including the fees of building inspectors. The fiscal year of the Authority is July 1 through June 30. All participating units provided start-up funds for the Authority. A condensed representation of the audited financial position of Western Washtenaw Construction Authority at June 30, 2007 follows:

GENERAL FUND:

<u>STATEMENT OF NET ASSETS</u>		<u>STATEMENT OF ACTIVITIES</u>	
Total assets	\$ 129,262	Total revenues	\$ 114,885
Total liabilities	<u>35,838</u>	Total expenditures	<u>117,973</u>
Net assets	<u>\$ 93,424</u>	Change in net assets	<u>\$ (3,088)</u>

NOTE 9. SEWER FUND

On April 16, 2003, the Bridgewater Township Board of Trustees approved a contract between the County of Washtenaw and Bridgewater Township for the Bridgewater Wastewater System. This contract provides for the acquisition, construction, and financing of the Bridgewater sewer project and authorizes the County to issue bonds to finance the project, to be secured by the full faith and credit of the Township, and the full faith and credit of the County.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 10. LONG TERM LIABILITIES

Business-type activities

As of September 1, 2004, Bridgewater Township issued bonds totaling \$1,095,000 for construction of a new sewer system. (See Note 9.)

The schedule of long term liability activity is as follows:

	Sewer Fund Sanitary Wastewater System Project Bonds Series 2004
Balance April 1, 2007	\$ 995,000
Decreases	<u>(50,000)</u>
Balance March 31, 2008	945,000
Less: current portion	<u>(50,000)</u>
Total due after one year	<u>\$ 895,000</u>

Debt service requirements at March 31, 2008, are as follows:

**COUNTY OF WASHTENAW, STATE OF MICHIGAN
WASHTENAW COUNTY – BRIDGEWATER TOWNSHIP
SANITARY WASTEWATER SYSTEM PROJECT BONDS, SERIES 2004**

The year Ended March 31,	Principal Due June 1	Interest	Total
2009	\$ 50,000	\$ 35,644	\$ 85,644
2010	50,000	34,144	84,144
2011	65,000	32,419	97,419
2012	65,000	30,388	95,388
2013	65,000	28,194	93,194
2014-2018	325,000	104,617	429,617
2019-2023	<u>325,000</u>	<u>37,464</u>	<u>362,464</u>
	<u>\$ 945,000</u>	<u>\$ 302,870</u>	<u>\$ 1,247,870</u>

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 10. LONG TERM LIABILITIES (Continued)

**COUNTY OF WASHTENAW, STATE OF MICHIGAN
WASHTENAW COUNTY – BRIDGEWATER TOWNSHIP
SANITARY WASTEWATER SYSTEM PROJECT BONDS, SERIES 2004**

<u>Year Ended March 31,</u>	<u>Principal Due June 1</u>	<u>Interest Rate</u>	<u>Interest Due June 1</u>	<u>Interest Due December 1</u>	<u>Total Principal & Interest Requirements</u>
2009	\$50,000.00	3.000%	\$ 18,196.88	\$ 17,446.88	\$ 85,643.76
2010	50,000.00	3.000%	17,446.88	16,696.88	84,143.76
2011	65,000.00	3.000%	16,696.88	15,721.88	97,418.76
2012	65,000.00	3.250%	15,721.88	14,665.63	95,387.51
2013	65,000.00	3.500%	14,665.63	13,528.13	93,193.76
2014	65,000.00	3.625%	13,528.13	12,350.00	90,878.13
2015	65,000.00	3.750%	12,350.00	11,131.25	88,481.25
2016	65,000.00	3.875%	11,131.25	9,871.88	86,003.13
2017	65,000.00	4.000%	9,871.88	8,571.88	83,443.76
2018	65,000.00	4.100%	8,571.88	7,239.38	80,811.26
2019	65,000.00	4.150%	7,239.38	5,890.63	78,130.01
2020	65,000.00	4.250%	5,890.63	4,509.38	75,400.01
2021	65,000.00	4.375%	4,509.38	3,087.50	72,596.88
2022	65,000.00	4.500%	3,087.50	1,625.00	69,712.50
2023	<u>65,000.00</u>	5.000%	<u>1,625.00</u>	<u>0.00</u>	<u>66,625.00</u>
	<u>\$945,000.00</u>		<u>\$ 160,533.18</u>	<u>\$142,336.30</u>	<u>\$1,247,869.48</u>

NOTE 11. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (worker's compensation). The Township participates in two public entity risk pools for its insurance coverage. Any settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three years.

**BRIDGEWATER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

TAX COLLECTION FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2008

<u>Assets</u>	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Cash in bank	\$ 8,428	\$ 2,734,554	\$ 2,729,030	\$ 13,952
<u>Liabilities</u>				
Due to other funds	\$ 7,814	\$ 286,653	\$ 288,001	\$ 6,466
Due to other taxing units	614	2,447,901	2,441,029	7,486
Total liabilities	\$ 8,428	\$ 2,734,554	\$ 2,729,030	\$ 13,952

August 8, 2008

To the Board of Trustees
Bridgewater Township
Washtenaw County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater Township (Township), Washtenaw County Michigan, as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we considered the deficiencies described as 2007-1 thru 2007-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

This communication is intended solely for the information and use of the Board of Trustees of Bridgewater Township, Washtenaw County, Michigan, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.
Adrian, Michigan

BRIDGEWATER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2008

Finding 2007-1

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards No. 112 titled *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate, in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

Currently there is little segregation of conflicting duties of initiating transactions, and the recording of those transactions.

Cause

The Township does not have enough personnel in each officer's department.

Effect

Segregation of duties would provide another measure of internal control to provide the ability of the Township to determine, in a reasonable amount of time, whether all transactions initiated are recorded and reported timely and accurately.

Recommendation

The Township should continue as it has in the past.

Client Response

We are aware of this deficiency.

BRIDGEWATER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2008

Finding 2007-2

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards No. 112 titled *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate, in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

The Township is required to adopt a budget for the general fund and any major fund. The budget should be adopted at a minimum level of appropriation. This is usually at the major revenue category and expenditure functional level. Each of the expenditure function levels should not be overspent.

Cause

The Board of Trustees of the Township understands the requirement, and annually prepares the budget which is approved by the Board of Trustees. In March of the fiscal year, the supervisor prepares amended budgets to be approved by the Board of Trustees. The amended budget discloses estimated expenditures at the functional level.

Effect

The budget must be amended before year end, the timing of which resulted in one functional expenditure being over expended at year end. On the Required Supplementary Information Budgetary Comparison Schedule, one expenditure function was overspent. However, total expenditures for the General Fund were underspent.

Recommendation

That the administration determine prior to the amendment of the appropriations, that the information is complete including adjusting entries to record the year end accruals.

Client Response

At the time of amendments, the appropriations and expenditures are adjusted as accurately as possible. The District knows of no way to assure that the expenditures are exact when the final revenues and expenses are not known until later. The District does, however, assure that every attempt to be as accurate as possible will be taken.